Report on Medicaid Reform Activities
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Health and Human Services Committee
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Medicaid Reform Activities

Medicaid reform public input meetings were conducted in Omaha (10-25-05), Lincoln (10-26-05), Grand Island (10-27-05), Scottsbluff (11-1-05), and North Platte (11-2-05). Legislative Medicaid public forums were conducted in Broken Bow (11-3-05), O'Neill (11-3-05), and Columbus (11-4-05). [1] Preliminary findings and recommendations were provided in advance of the meetings and forums and presented for public input. A copy of the public meeting presentation[2] and handouts[3] is attached. Eight members of the Nebraska Legislature and three members of the Medicaid Reform Advisory Council attended one or more of the meetings or forums.

Following is a brief summary of feedback received:

1. Medicaid Generally

Public input generally agreed with the conclusion that Medicaid reform was necessary. There was general agreement that the current program could not be fiscally sustained if Medicaid expenditure growth continued to exceed the growth in state General Fund revenues. There was some input that the Medicaid program was not currently in a fiscal "crisis" and therefore did not need to be substantively reformed.

Testimony highlighted the importance and cost-effectiveness of the Medicaid program for Nebraska residents. Many testifiers discussed their personal experiences with the Medicaid program. Input addressed inadequacies in the current program, and the need to address waste, fraud, and abuse in the program. Others emphasized that Medicaid recipients generally were only the truly needy, were not personally irresponsible, and did not seek to abuse the system. Some input addressed inequities in the nature and scope of benefits provided to Medicaid recipients as compared with benefits contained in health insurance plans generally available to Nebraskans.

Testifiers expressed concern about the effect of potential Medicaid cuts on current recipients and providers of care. Input generally cautioned that any proposed reforms must first consider the needs of persons receiving Medicaid benefits, or who may receive Medicaid benefits in the future, consider and address adequate provider reimbursement, and should avoid shifting the cost of health care to providers or political subdivisions.

2. Disability Issues and Concerns

Public input advocated for expansion of the Medicaid "buy-in" for workers with disabilities, the enactment of mental health parity legislation, and the expansion of home and community-based services (HCBS) options for persons with disabilities. Input emphasized the importance of personal choice and self-determination for persons with disabilities. Input also highlighted the need to "rebalance" funding and address the current "institutional bias" in the Medicaid program.

[1] See Attachment 1.
[2] See Attachment 2.
[3] See Attachment 3.

3. Defined Contribution

There was a significant consensus that the Medicaid program should continue to be administered as a welfare entitlement, or defined benefit, program, and should not be changed to a defined contribution structure. Other input expressed support for such a change as a long-term reform objective.

Input received expressed support for the achievement of necessary cost savings to the Medicaid program within the existing entitlement structure, in a manner that does not impose restrictions on current eligibility or provider reimbursement.

4. Community Health Centers and Public Health

Public input generally supported the statewide development of more community health centers (federally qualified health centers, or FQHCs) or FQHC "look-alikes," to enhance access to care for Nebraskans.

Input also emphasized the importance of local public health departments, which are now serving all ninety-three Nebraska counties, in providing necessary and cost-effective preventive health services for Nebraska residents.

5. Long-Term Care Issues and Concerns

The public generally agreed with the need to address the cost of long-term care services in the Medicaid program. There was general agreement with the preliminary recommendation to increase the availability of Medicaid home and community-based services (HCBS) for the elderly. The overall cost-effectiveness of HCBS, as compared with nursing facility or other institutional care, was generally acknowledged. Caution was expressed, however, to ensure that HCBS are appropriate and that services are carefully monitored for quality. Input emphasized that HCBS may not be appropriate in all cases.

There was general support for encouraging the purchase of long-term care insurance, addressing the inappropriate transfer of assets in order to qualify for Medicaid, and the need to address the availability and utilization of alternatives to Medicaid eligibility for the elderly. Several long-term care reforms were proposed and discussed.

6. Pharmacy

Public input generally supported the need to address issues related to the cost of prescription drugs under the Medicaid program. There was general support for preliminary findings and recommendations relating to the use of formularies and/or preferred drug lists, prior authorization of all new brand-name drugs, mandated use of generic equivalents, and utilization of the federal 340B program to access low-cost prescription drugs for Medicaid recipients.

Concern was expressed regarding the availability and cost of prescription drugs for Medicaid recipients, particularly "central nervous system" drugs for persons with serious mental illness.

7. Other

Input was received supporting expansion of the current Medicaid "family planning waiver" and the utilization of preventive dental services for Medicaid recipients. Public input also generally supported preliminary findings and recommendations relating to the establishment of public-private health insurance partnerships and the utilization of more effective case

management and disease management initiatives on behalf of higher cost Medicaid recipient populations.

Medicaid Reform Plan

The Medicaid reform designees are now in the final stages of preparing the Medicaid Reform Plan for submission on December 1, 2005, for further consideration by Governor Heineman, the Nebraska Legislature, and the general public.

The plan will likely (1) contain a more expanded discussion of Medicaid public policy, (2) propose specific changes to the current program and specific non-Medicaid changes to meet legislative objectives, (3) provide specific proposals for long-term Medicaid reform, and (4) propose necessary and appropriate administrative and legislative actions to implement the plan.